

Mr. HOLLINGS. I thank the distinguished chairman of the Budget Committee and the ranking member, Senator CONRAD. I yield the remainder of my time. I thank the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

AMENDMENT NO. 201

Mr. ALLEN. Mr. President, I call up my amendment with Senator BROWNBACK and others, No. 201.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Virginia [Mr. ALLEN], for himself and Mr. BROWNBACK, proposes an amendment numbered 201.

Mr. ALLEN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To provide for a tax cut accelerator)

At the appropriate place, insert the following:

SEC. ____ . TAX CUT ACCELERATOR.

(a) REPORTING ADDITIONAL SURPLUSES.—If any report provided pursuant to section 202(e)(1) of the Congressional Budget Act of 1974, estimates an on-budget surplus that exceeds the on-budget surplus set forth in such a report for the preceding year, the chairmen of the Committee on the Budget of the House of Representatives and of the Senate shall make adjustments in the resolution for the next fiscal year as provided in subsection (b).

(b) ADJUSTMENTS.—The chairmen of the Committee on the Budget of the House of Representatives and of the Senate shall make the following adjustments in an amount not to exceed the difference between the on-budget surpluses in the reports referred to in subsection (a):

(1) Reduce the on-budget revenue aggregate by that amount for the fiscal years included in such reports.

(2) Adjust the instruction to the Committee on Ways and Means and the Committee on Finance to increase the reduction in revenues by the sum of the amounts for the period of such fiscal years in such manner as to not produce an on-budget deficit in the next fiscal year, over the next 5 fiscal years, or over the next 10 fiscal years and to require a report of reconciliation legislation by the Committee on Ways and Means and the Committee on Finance not later than March 15.

(3) Adjust such other levels in such resolution, as appropriate, and the House of Representatives and the Senate pay-as-you-go scorecards.

(c) LEGISLATION.—It shall not be in order in the Senate to consider any bill that is reported by the Committee on Finance pursuant to the adjusted instructions described in subsection (b), unless the bill provides for expedited procedures for the consideration of the bill by the Senate no later than 60 days after the bill is reported by the Committee.

Mr. ALLEN. Mr. President, I bring forth this amendment on behalf of myself, Senator BROWNBACK, Senator CRAIG, and Senator HUTCHISON of Texas. This measure is the tax cut accelerator amendment which will help provide the assurance that we live up to our obligation to American families and make sure they receive the tax relief they deserve.

The way this works is if the Congressional Budget Office's January report projects higher than expected on-budget surpluses over the previous year, then this amendment would require the Budget Committee to make the appropriate budgetary adjustments by reducing the on-budget revenue aggregate by the same amount as previously unaccounted for—the unaccounted for on-budget surplus.

It instructs the Finance Committee to increase the amount of tax relief by the same amount, and the bottom line is it sends money back to the people and not to fund increased Government spending.

We hear many issues and ideas about triggers and brakes and circuit breakers designed to slow down tax relief and not enough about a tax cut accelerator in the case that on-budget surpluses are higher than expected.

If you look at the Congressional Budget Office projections over the years, they are generally very pessimistic about what revenues will be coming in and, therefore, surpluses will not be there. But, in fact, they are right about the deficits. They err on the side of caution. I understand that. That is probably a good way of looking at things.

However, if the economy is doing better, if the budget surpluses appear on a year-to-year basis, who ought to have the first claim on those surpluses? In my view, it ought to be the taxpayers.

The Finance Committee and Budget Committee may not want to use the entire surplus for tax cuts being accelerated. They may want to say they want to take care of priorities—let's say expenditures in health, or scientific research, or national defense. They will say: Well, we will use half this for these priorities and half for accelerated reductions in taxes.

The point is, that identified surplus is not spent—not rolled over—but it is determined as a definite, identifiable amount of money that the Budget Committee will act upon, that the Senate Finance Committee will act upon, and then this whole body will act upon and have that scrutiny.

I think it will, of course, in my view, help speed up tax relief to the people.

Because any view is more optimistic than the pessimistic views of the Congressional Budget Office. There is plenty of evidence, and other projections have been too low over the years because they use static estimates—not dynamic estimates.

It is understandable why in 1-year budgets you would use static analysis because you do not have the full impact of tax reductions or any measures until a few years or maybe more than a few years down the road. If you want to look at what the impact of static analysis has on underestimates in the revenue impact because of tax cuts, the Kennedy tax cut under President John F. Kennedy was 12.6 percent of Federal revenues. They reduced rates from 90 to 70 percent. The rate reduction re-

sulted in a return of all expected revenue losses plus an additional 4 percent. The Reagan tax cut, at 18.7 percent of Federal revenues, reduced rates, tax rates from 70 to 50 percent. The static models predicted a revenue impact of a negative \$330 billion. The actual fiscal impact on the Treasury was about \$78 million—less than one-fourth of the expected impact.

These numbers, coupled with CBO's past inaccuracies, make it reasonable to believe that the on-budget surpluses will come in higher than projected.

I am convinced more than ever that we need a tax cut accelerator. Over the past few days, the Senate has chipped away on the on-budget surplus.

The Senate has reduced drastically the available money for tax relief. Hiding behind the arguments over process about how many reconciliation instructions per budget resolution is really to get in the way of real tax relief for American families.

Real people do not care about reconciliation. They think it is a domestic matter, if you ever bring up reconciliation. It means, at best, some sort of family squabble being resolved. They care about providing for their families. People in the real world care about their future.

This tax relief accelerator will hold Congress accountable to the American people, which I think is very good. This budget represents a promise to the people of America. It protects Social Security and Medicare. Tax cut accelerator does not affect Medicare or Social Security; it is only the on-budget surplus.

This budget helps pay off all available debt. It funds current Government obligations and programs. It provides a \$26 billion increase, or 4 percent raise, over last year's budget for Government spending. It ensures for future contingencies. And this budget promises to provide the people of America with the tax relief they deserve.

I generally support this budgetary framework, and I strongly believe we should honor all of its promises. The tax cut accelerator provides the assurance that Washington will fulfill its promise to return excess on-budget surpluses to the people, to the taxpayers, instead of permitting their hard-earned dollars to be spent away by Government bureaucracies.

The accelerator does not—does not—touch Social Security or Medicare funds. It does not threaten funding for current programs. It allows for increases in funding for new and existing priorities, such as defense, education, science, and medical research. And it does not bring back deficit spending.

Today we have a choice. Our choice is, Do we keep our promises? Do we trust the American people and adopt this amendment which provides the necessary mechanism to ensure the return of unexpected on-budget surpluses back to our families and businesses or do we allow Government to keep this money from them?

I say we ought to let the people decide how to best spend their hard-